

Message Text

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ACTION L-03

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
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OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 SSM-03 /101 W
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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9532

INFO AMEMBASSY TEL AVIV

C O N F I D E N T I A L CAIRO 16912

E.O. 11652: GDS

TAGS: ENRG PFOR EG IS US

SUBJ: MOBIL CLAIM AGAINST THE GOVERNMENT OF ISRAEL

REF (A) STATE 289647 (B)CAIRO 16604

1. EMBOFF DISCUSSED MOBIL CLAIM FOR COMPENSATION FOR OIL REMOVED BY GOI FROM SINAI FIELDS WITH MOBIL REPRESENTATIVE. ROS SAWTELLE DECEMBER 6. IN ADDITION TO CONFIRMING INFORMATION PROVIDED REFTEL, SAWTELLE GAVE THE FOLLOWING DETAILS. MOBIL FIELDS IN SINAI WERE CLOSED DOWN BETWEEN 1967 AND 1971. IN 1971 ISRAELIS DECIDED TO PUT WELLS BACK INTO OPERATION AND ACTUAL PRODUCTION BEGAN IN APRIL OF THAT YEAR. IN 1974, MOBIL INFORMED DEPARTMENT OF ITS INTENT TO FILE A CLAIM AGAINST GOI FOR PETROLEUM BEING TAKEN FROM MOBIL'S WELLS IN SINAI.

2. FOLLOWING TURNOVER OF FIELDS IN NOVEMBER 1975, MOBIL OFFICE IN CAIRO SENT LETTER TO UN GENERAL SECRETARY REQUESTING THAT PRODUCTION DATA FOR OCCUPATION YEARS BE PROCURED FROM GOI QUOTE IN INTEREST OF CONTINUING EFFECTIVE OPERATION AND MAINTENANCE OF FIELDS UNQUOTE. SAWTELLE SAID THAT MOBIL REQUEST PROMPTED BY FACT THAT PRODUCTION RECORDS WERE LEFT BEHIND IN ITALIAN FIELDS AT ABU RUDEIS. AFTER CONSIDERABLE DELAY, GENERAL SECRETARY REPLIED THAT GOE WOULD NOT RELEASE INFORMATION TO MOBIL. MOBIL AND EGPC THEN CALCULATED AMOUNT OF CLAIM
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MENTIONED REFTEL BASED PRESUMABLY UPON PRODUCTION FROM

APRIL 1971 TO DATE OF TURNOVER. SAWTELLE NOTED IT IS HIS BELIEF THAT ITALIANS OPERATED ABU RUDEIS FIELDS, INCLUDING BELAYIM MARINE AND ON-SHORE FACILITIES, WITH SUBSTANTIAL NUMBERS OF ITALIAN TECHNICIANS IN YEARS THROUGHOUT OCCUPATION. THIS EXPLAINS WHY PRODUCTION DATA IS AVAILABLE (ISRAELIS KNEW THEY COULD NOT KEEP IT CONFIDENTIAL) AND WHY ITALIANS WERE PAID THEIR SHARE OVER THE YEARS.

3. SAWTELLE IDENTIFIED MOBIL OIL EGYPT, MARKETING SIDE OF MOBIL'S OPERATION HERE, AS ACTUAL OWNER OF PARTNERSHIP WITH GENERAL PETROLEUM CORPORATION (GPC NOT REPEAT NOT EGPC). MOBIL OIL EGYPT IS 100 PERCENT SUBSIDIARY OF MOBIL OIL OF DELAWARE. MOBIL IS ENTITLED, ACCORDING TO PREVIOUS AGREEMENT, TO 50 PERCENT OF PRODUCTION, ON WHICH ROYALTY IS 15 PERCENT. EGYPTIANS HAVE HONORED THIS AGREEMENT, IN FULL SINCE RETURN OF SINAI FIELDS. MOBIL IS CURRENTLY EXCHANGING ITS SHARE OF CRUDE OIL FOR BUNKERS WHICH ARE BEING SOLD IN SUEZ CANAL AREA.

4. SAWTELLE ALSO TOLD US THAT BOTH MOBIL OIL EGYPT, WHICH HAS HAD CONTINUOUS OPERATIONS IN EGYPT FOR 75 YEARS, AND GENERAL PETROLEUM CORPORATION HAVE ALSO PRESENTED THEIR CLAIM TO GOE NOTING THAT LOSSES SUFFERED DURING STATE OF WAR. GOE HAS ACKNOWLEDGED RECEIPT OF THIS CLAIM AND IT IS DESCRIBED AS QUOTE PENDING UNQUOTE. MOBIL IS NOT, HOWEVER, ACTIVELY PURSUING THIS CLAIM HERE.
EILTS

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